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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

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GARY PIERCE
BRENDA BURNS
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SUSAN BITTER SMITH

DOCKET NO. W-03514A-13-0111

ORIGINAL

DOCKET NO. W-03514A-13-0142

PROCEDURAL ORDER

IN THE MATTER OF THE APPLICATION OF
PAYSON WATER CO., INC., AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR UTILITY
SERVICE BASED THEREON.

IN THE MATTER OF THE APPLICATION OF
PAYSON WATER CO., INC., FOR AUTHORITY
TO ISSUE EVIDENCE OF INDEBTEDNESS IN
AN AMOUNT NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY SYSTEM;
AND ENCUMBER REAL PROPERTY AND
PLANT AS SECURITY FOR SUCH
INDEBTEDNESS.

BY THE COMMISSION:

On April 22, 2013, Payson Water Co., Inc. ("PWC") filed with the Arizona Corporation Commission ("Commission") an application in Docket No. W-03514A-13-0111 for a determination of the fair value of its utility plant and property and for increases in its water rates and charges for utility service.

On May 27, 2013, PWC filed with the Commission an application in Docket No. W-03514A-13-0142 for authority to (1) issue evidence of indebtedness in an amount not to exceed \$1,238,000 on the terms and conditions set forth by the Water Infrastructure and Finance Authority, and (2) encumber its real property and utility plant as security for such indebtedness.

By Procedural Order issued August 26, 2013, Docket Nos. W-03514A-13-0111 and W-03514A-13-0142 were consolidated.

Hearings were conducted in this proceeding on February 4, 5, 7, 10, and 14, 2014; post-hearing briefs were subsequently filed; and the matter is currently pending the issuance of a Recommended Opinion and Order.

On May 1, 2014, Commissioner Pierce filed a letter to the docket requesting that the Company and Staff file information regarding alternative rate design structures and consolidation, and inviting other parties to provide input. It appears the letter was not served on the parties to the case. Commissioner Pierce's letter is therefore attached to this Procedural Order which is being served on all parties.

IT IS THEREFORE ORDERED that Commissioner Pierce's letter to the docket filed May 1, 2014, shall be served on all parties to this proceeding.

IT IS FURTHER ORDERED that the Company and Staff shall file responses to the letter by May 12, 2014.

IT IS FURTHER ORDERED that interested Intervenors shall file responses by May 19, 2014.

IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized Communications) continues to apply to this proceeding and shall remain in effect until the Commission's Decision in this matter is final and non-appealable.

IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or waive any portion of this Procedural Order by subsequent Procedural Order or by ruling at hearing.

DATED this 6th day of May, 2014.



DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed
this 6th day of May, 2014, to:

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By:



Rebecca Unquera
Assistant to Dwight D. Nodes

COMMISSIONERS
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ARIZONA CORPORATION COMMISSION

HEARING

Gary Pierce
Commissioner

602-542-3933

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May 1, 2014

RE: Payson Water Company
Docket No. W-03514A-13-0111 & W-03514A-13-0142

AZ CORP COMMISSION
DOCKET CONTROL

Dear Parties:

I have followed the proceedings in this matter, and I have reviewed the filings, the testimony, and the public comments. As a result of my review of these matters, I have some questions about possible rate design changes that may ameliorate the rate impacts of the proposed rate increase. It would assist me in my consideration of this case if the parties would address the following questions:

- 1) What would be the rate impacts to the customers in each of the systems if we were to retain the current separate rate structure and forego consolidating rates at this time?
- 2) What would be the rate impacts to customers in each of the systems if we were to adopt the proposed rate consolidation, but change the break-over points in the commodity charge to include more gallons in the first tier?
- 3) What would be the rate impacts to customers in each of the systems if we were to adopt the proposed rate consolidation, but increase the monthly usage charge, thereby decreasing the amounts to be collected through the commodity charge?

Please docket your responses by May 12, 2014. In answering these questions, both the Company and Staff should address the customer rate impacts by meter size for both average monthly usage and median usage for each system. As for the remaining parties, I would welcome any input that they wish to provide.

The information that I am requesting by this letter will be helpful to me in my full consideration of the issues presented by this matter. I have not yet determined how best to resolve this very complex case and I will continue to review all relevant information.

I thank you in advance for your responses to my questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gary Pierce".

Gary Pierce
Commissioner
Arizona Corporation Commission

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MAY 01 2014

ARIZONA CORPORATION COMMISSION
HEARING DIVISION